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EXECUTIVE SECRETARY
WRITER'S DIRECT DIAL NUMBER
404-873-8536
WRITER'S DIRECT DIAL FACSIMILE
404-873-8767

via FEDERAL EXPRESS

October 25, 1999

David Waddell, Executive Secretary
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37243-0505

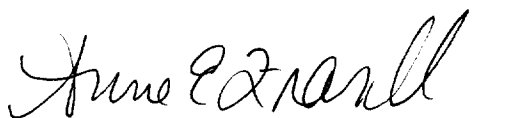
Re: Cardinal Communications of Tennessee, Inc. (Docket # 99-00709)

Dear Mr. Waddell:

Per your request, enclosed are thirteen (13) copies of Cardinal Communications of Tennessee, Inc.'s responses to the Tennessee Regulatory Authority's letter request for information dated October 13, 1999. Please note that some of the information filed hereunder is being filed pursuant to confidentiality and proprietary information protection.

If you have any questions regarding the enclosed, please do not hesitate to call.

Very truly yours,



Anne E. Franklin

AEF:ph
Enclosures

cc: Cardinal Communications of Tennessee, Inc.
Mr. Darrell Whitis
Donald I. Hackney, Jr., Esq.

FILE

Cardinal Communications of Tennessee, Inc.

Clarification Requests

Docket No. 99-00709

October 13, 1999

RECEIVED
REGULATORY DIVISION

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EXECUTIVE SECRETARY

Technical

1. Provide the following information concerning the network it proposes to provision in Tennessee: (a) Location of switches – i.e. cities; (b) How the network will be deployed; and (c) Type of equipment proposed – i.e., DMS-100 or 5ESS, etc. Fiber rings, etc.

Applicant intends to deploy Digital Subscriber Line (DSL) technology within Tennessee. DSL technology is a copper loop transmission technology that achieves broadband speeds over the ordinary phone wire.

DSL technology, when deployed in the local loop, enables high-speed access service without repeaters. When DSL-based services are provisioned, data received in the central office (“CO”) bypasses the telephone voice switch, is concentrated, and handed off to the inter-CO network transmission equipment. A Digital Subscriber Line Access Multiplexer (DSLAM) will be utilized to group data channels before the handoff.

With respect to the network it proposes to provision in Tennessee, Applicant intends to collocate its DSL equipment at the central office of the incumbent local exchange carrier (“ILEC”) and utilize the ILEC’s existing network (e.g., switches, loops, etc.) to provide Applicant’s services in Tennessee. Applicant will not own its own switch or lines.

2. Address whether Tennessee customers will be required to purchase CPE which could not be used with ILEC systems, should the customer decide to go back to the ILEC.

In order to receive Applicant’s DSL services, a Tennessee customer would be required to either lease or purchase from Applicant a DSL Receiver Unit to be located at the customer’s location. Such equipment would be used solely to obtain DSL services from Applicant and would be not applicable to the customer’s receipt of voice or other telecommunications services from the ILEC.

3. Provide information regarding the facilities that are expected to be built in Tennessee.

Applicant will not build facilities in Tennessee. Most of the equipment to be used by Applicant will be collocated within the central office of the ILEC.

Financial

1. Provide the cost of the proposed network, switches, or unbundled network elements (UNEs), etc.

Please see Attachment A attached hereto.

2. Provide projected financial statements, including income statements, balance sheets, and cash flows statements for the next three (3) years.

Please see Attachment B attached hereto.

3. Provide details of the funding for the proposed network, equipment purchases, or payment for UNEs such as: (a) internally generated funds (cash and marketable securities); (b) Letters of credit; (c) Loan commitments; and (d) Vendor credit.

Applicant's primary investors, including Columbia Capital, LLC, have committed to provide Applicant with in excess of \$25 million to fund the establishment of Applicant's telecommunications network. Applicant is also in discussions with various vendors regarding equipment purchases and expects vendor credit to be another funding vehicle by which Applicant will fund its network.

4. Provide three (3) year capital budget identifying the specific equipment that will be deployed, where it will be deployed, and its cost. This should cover Tennessee operations, as well as the parent company (or whoever is responsible for financing the Tennessee operation). **Please see Attachment C attached hereto.**

Small and Minority-Owned Telecommunications Business Participation Plan

1. TCA § 65-5-212 provides that the applicant shall file such plan with the Authority with their application for a certificate. This Plan shall contain such entity's plan for purchasing goods and services from Small and Minority telecommunications businesses and information on programs which would provide technical assistance to such businesses.

2. The Plan should provide a policy statement, definitions from the statute, how the applicant will or has implemented the Plan, and what measures it will employ to contract such businesses to advise them of opportunities to bid on services or goods needed by the applicant, and any programs it has to provide technical assistance.

3. The Plan should provide how the Plan will be administered, the administrator's name, title, address and duties.

Please see Attachment D attached hereto.

TRA Rules for Telecommunications Providers

1. Provide a certificate of service that the application has been served on all eighteen (18) incumbent local exchange telephone companies in Tennessee.

Please see Attachment E attached hereto.

Toll Dialing Parity Plan for Applicants Provide Voice Grade Service

Provide an appropriate toll dialing parity plan for TRA consideration at least 60 days prior to offering voice grade service. When an applicant offers Voice Grade Service, then a Toll Dialing Parity plan shall be filed with the application.

Applicant does not intend to offer Voice Grade Service.

Miscellaneous

1. Notarized pre-filed testimony is required for CLEC applications. The testimony should describe the services to be provided, the applicant's technical, managerial and financial abilities to provide the services and affirm that all information submitted is true and correct.

Please see Attachment F attached hereto.

2. Provide a statement concerning the Company's Y2K compliance or the status of the Applicant's Y2K plan.

Applicant intends generally to purchase newly-manufactured equipment from vendors, and to demand commercially reasonable warranties regarding Y2K compliance from such vendors.

3. File Cardinal Communications of Tennessee, Inc.'s tariff subsequent to the application's approval. (Tariffs filed with the application are for informational purposes only, not official filings).

Applicant will file a tariff subsequent to the application's approval.

4. Provide information concerning involvement in any pertinent mergers, acquisitions, etc. Provide a chart showing the applicant's corporate structure.

Applicant is not a party to any pertinent mergers or acquisitions. A chart showing Applicant's corporate structure is attached hereto at Attachment G.

5. Note: A Wireline Activity Report should be submitted to the TRA on a monthly basis for applicants providing voice grade service.

Applicant does not intend to provide voice grade service.

6. State whether the applicant requires a customer deposit. If so, provide the amount required. State whether the applicant is bonded for the amount of the deposits.

For credit risk customers, Applicant will require a customer deposit equal to 2/12 of the customer's estimated annual usage. Applicant is not currently bonded for the amount of the deposit, but intends to comply fully with any requirements imposed by the TRA.

Attachment A

Cost of Proposed Network

This has been filed pursuant to trade secret protection

Attachment B

Projected Financial Statements

This has been filed pursuant to trade secret protection

Attachment C

Projected Three Year Capital Budget

This has been filed pursuant to trade secret protection

Attachment D

Small and Minority-Owned Telecommunications Business Plan

CARDINAL COMMUNICATIONS OF TENNESSEE, INC.

**SMALL AND MINORITY-OWNED
TELECOMMUNICATIONS BUSINESS
PARTICIPATION PLAN**

Pursuant to T.C.A. §65-5-212, as amended, Cardinal Communications Telecommunications, Inc. ("Cardinal Communications") submits this small and minority-owned Telecommunications business participation plan (the "Plan") to supplement its Application for a Certificate of Public Convenience and Necessity to provide competing intrastate interexchange and local exchange services in Tennessee.

I. PURPOSE.

The purpose of Section 65-5-212 is to provide opportunities for small and minority-owned businesses to provide goods and services to Telecommunications service providers. Cardinal Communications is committed to the goals of Section 65-5-212 and to taking steps to support the participation of small and minority-owned Telecommunications businesses in the Telecommunications industry. Cardinal Communications will endeavor to provide opportunities for small and minority-owned Telecommunications businesses to compete for contracts and subcontracts for goods and services. As part of its procurement process, Cardinal Communications will make efforts to identify and inform minority-owned and small businesses that are qualified and capable of providing goods and services to Cardinal Communications of such opportunities. Cardinal Communications will seek to increase awareness of such opportunities so that companies not otherwise identified will have sufficient information to participate in the procurement process.

II. DEFINITIONS.

As defined in Section 65-5-212:

Minority-Owned Business. Minority-owned business shall mean a business which is solely owned, or at least fifty-one percent (51%) of the assets or outstanding stock of

which is owned, by an individual who personally manages and controls daily operations of such business, and who is impeded from normal entry into the economic mainstream because of race, religion, sex or national origin and such business has annual gross receipts of less than four million dollars (\$4,000,000).

Small Business. Small business shall mean a business with annual gross receipts of less than four million dollars (\$4,000,000).

III. ADMINISTRATION.

Cardinal Communications' Plan will be overseen and administered by the individual named below, hereinafter referred to as the Administrator, who will be responsible for carrying out and promoting Cardinal Communications' full efforts to provide equal opportunities for small and minority-owned businesses. The Administrator of the Plan will be:

Mr. Walter M. Zirkle
Cardinal Communications of Tennessee, Inc.
585 Loblolly Lane
Charlottesville, VA 22903
Tel: (804) 984-2327
Fax: (804) 984-5430

The Administrator's responsibilities will include:

- (1) maintaining an updated Plan in full compliance with Section 65-5-212 and the rules and orders of the Tennessee Regulatory Authority.
- (2) establishing and developing policies and procedures necessary for the successful implementation of the Plan.
- (3) preparing and submitting such forms as may be required by the Tennessee Regulatory Authority, including the filing of required annual updates.
- (4) serving as the primary liaison to and cooperate with the Tennessee Regulatory Authority, other agencies of the State of Tennessee, and small and minority-owned businesses to locate and use qualified small and minority-owned businesses as defined in Section 65-5-212.

- (5) searching for and developing opportunities to use small and minority-owned businesses and encouraging such businesses to participate in and bid on contracts and subcontracts.
- (6) providing records and reports and cooperate in any authorized surveys as required by the Tennessee Regulatory Authority.

The efforts to promote and ensure equal opportunities for small and minority-owned businesses are primarily spelled out in the Administrator's duties above.

IV. RECORDS AND COMPLIANCE REPORTS.

Cardinal Communications will make efforts to use the goods and services of such businesses.

Cardinal Communications will submit records and reports required by the Tennessee Regulatory Authority concerning the Plan. Moreover, Cardinal Communications will cooperate fully with any surveys and studies required by the Tennessee Regulatory Authority.

CARDINAL COMMUNICATIONS OF TENNESSEE, INC.

By: _____

Walter M. Zirkle
Vice President

Dated: October 25, 1999

Attachment E
Certificate of Service

CERTIFICATE OF SERVICE

This is to certify that I have served notice that Cardinal Communications of Tennessee, Inc. filed an application with the Tennessee Regulatory Authority on September 20, 1999, for a Certificate to Provide Facilities - Based Competing Local Telecommunications Services and Intrastate, Interexchange Telecommunications Services within the State of Tennessee on all independent local exchange carriers in Tennessee to-wit:

Concorde Telephone Exchange
P.O. Box 22995
Knoxville, TN 37933-0995
Attn: John D. Feehan

Sprint-United
United Telephone-Southeast
14111 Capital Boulevard
Wake Forest, NC 27587-5900
Attn: Steve Parrett

Millington Telephone Company
4880 Navy Road
Millington, TN 38053
Attn: W.S. Howard

Loretto Telephone Company
PO Box 130
Loretto, TN 38469
Attn: Louise Brown

Citizens Telecommunications Company of the
Volunteer State
PO Box 770
300 Bland Street
Bluefield, WV 24701
Century Telephone of Claiborne
PO Box 4065
Monroe, LA 71211-4065
Attn: G. Clay Bailey
BellSouth Telecommunications, Inc.
333 Commerce Street
Nashville, TN 37201-3300
Attn: Guy M. Hicks

Citizens Telecommunications of Tennessee
PO Box 770
300 Bland Street
Bluefield, WV 24701

Century Telephone of Claiborne
PO Box 770
300 Bland Street
Bluefield, WV 24701
Ardmore Telephone Company
PO Box 549
517 Ardmore Avenue
Ardmore, TN 38449
Attn: Terry Wales

People's Telephone Company
PO Box 7
Friendship, TN 38034
Attn: Jim Wingo
United Telephone Company
PO Box 38
120 Taylor Street
Chapel Hill, TN 37034
Attn: Herbert Bivens
Crockett Telephone Company
PO Box 7

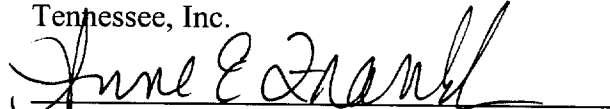
Tellico Telephone Company
PO Box 22995
Knoxville, TN 37933-0995
Attn: John D. Feehan
Tennessee Telephone Company
PO Box 22955
Knoxville, TN 37933-0995

Friendship Tennessee 38034
Attn: Jim Wingo

by depositing same in the United State Mail, First-Class postage prepaid, the 21st day of September, 1999.

Respectfully submitted,

ARNALL GOLDEN & GREGORY, LLP
Attorney for Cardinal Communications of
Tennessee, Inc.


Anne E. Franklin

Attachment F
Prefiled Testimony

1 **Q: Please state your name and position.**

2 A: My name is Earle A. MacKenzie and I am President of Cardinal Communications
3 of Tennessee, Inc. (“Cardinal”), applicant in this application.

4 **Q: What is your background and experience?**

5 A: I have extensive experience in the telecommunications industry, most recently as
6 Chief Operating Officer of Digital Television Services, Inc. (“Digital”). Digital
7 was the second largest franchisee of DIRECTV, providing service in nine rural
8 franchise areas covering 1.7 million households. In this capacity I developed
9 operating strategies, integrated acquisitions and managed the day-to-day
10 operations of Digital. Prior to Digital, I was President of Essex Communications
11 Consulting and Essex Communications Partners (collectively, “Essex”), which
12 provided consulting services to the telecommunications industry. Essex primary
13 business was building and managing rural cellular properties, and my duties
14 included the preparation of business plans, securing of financing, construction of
15 the systems, setting up of the local organizations, development of distribution
16 channels and management of the ongoing operations.

17 From 1984 until 1990, I held various key management positions with Contel
18 Cellular, Inc. (“Contel Cellular”), including Senior Vice President Finance and
19 Administration. In this capacity, my responsibilities included managing the
20 Accounting, Treasury, Human Resources, Information Services, Credit and
21 Collections, Planning/Budgeting, Acquisitions, Federal and state regulatory and
22 Industry Relations departments. During the period that I was Vice President
23 Marketing and Sales at Contel Cellular (May 1987 – February 1990), the

1 company grew from fewer than 10,000 customers in 7 markets to 120,000
2 customers with revenues of \$170,000,000. I played key roles in taking Contel
3 Cellular public in April 1988 and in the completion in 1989 of a \$1.3 billion
4 acquisition from McCaw Communications.

5 From October 1977 to April 1984, I was with the Eastern Region – Telephone
6 Operations of Contel Corporation, rapidly advancing in key managerial positions.
7 Prior to his time with Contel Corporation, I was a Senior Accountant with Arthur
8 Andersen & Co.

9 I am a certified public accountant and has a B.A. in Business Administration from
10 the College of William and Mary.

11 **Q: What is the purpose of your testimony?**

12 A: The purpose of my testimony is to (i) describe the services that Cardinal
13 Communications is seeking authority from the TRA to offer in the State of
14 Tennessee ; (ii) describe Cardinal Communications' technical, managerial and
15 financial abilities to provide such services and (iii) affirm that all information
16 submitted to the TRA is true and correct.

17 **Q: Please describe the services that Applicant intends to offer in Tennessee.**

18 A: Applicant proposes to offer facilities-based and resold high-speed
19 telecommunications services to its customers throughout the State of Tennessee.
20 Applicant intends to provide digital connections at a variety of speeds between
21 customer-designated premises and the Applicant's network. The Applicant's
22 services may be provided using a variety of digital transmission technologies,
23 using the Applicant's own services and equipment and/or the facilities of others.

1 Service shall be provided on a 24 hour per day, 7 day per week basis. Applicant
2 intends to purchase unbundled network elements, including copper loops, and to
3 collocate equipment in the incumbent local exchange carrier's central offices,
4 another carrier's central offices or its own locations. Currently, Applicant does
5 not own, operate or control, directly or indirectly, transmission facilities with the
6 technological capability to provide telecommunications services within the State
7 of Tennessee. Applicant will construct its own facilities to provide facilities-
8 based telecommunications services, and initially will focus on deploying xDSL
9 technology to provide high-speed connections to its customers. Although
10 Applicant intends to provide high speed data services, to the extent Applicant
11 provides basic local exchange telephone services, Applicant will offer all services
12 required under Chapter 1220-4-8-.04(3)(b) and (c).

13 **Q: Please describe Applicant's technical ability to provide this service.**

14 A: Applicant is guided by an experienced and highly able management team that
15 includes individuals who have distinguished themselves over the past two decades
16 in executive positions within the telecommunications industry. The senior
17 management team possesses extensive business, technical, operational and
18 regulatory telecommunications experience. Attached hereto at Exhibit "A" are
19 descriptions of the managerial and technical qualifications of the key officers of
20 Applicant.

21 **Q: Please describe Applicant's managerial ability to provide this service.**

22 A: Applicant is guided by an experienced and highly able management team that
23 includes individuals who have distinguished themselves over the past two decades

1 in executive positions within the telecommunications industry. The senior
2 management team possesses extensive business, technical, operational and
3 regulatory telecommunications experience. Attached hereto at Exhibit "A" are
4 descriptions of the managerial and technical qualifications of the key officers of
5 Applicant.

6 **Q: Please described Applicant's financial ability to provide this service.**

7 A: Applicant possesses the financial resources necessary to provide reliable
8 telecommunications services. Cardinal Communication's primary investors,
9 including Columbia Capital, LLC ("Columbia Capital") and others, have
10 committed to provide Cardinal Communications with in excess of \$25 million to
11 Applicant to provide the services contemplated hereunder. Applicant's financial
12 resources are sufficient to allow Applicant to succeed in a rapidly changing
13 telecommunications market and to meet consumer demands for innovative
14 telecommunications services.

15 **Q: Does this conclude your testimony?**

16 A: Yes.

VERIFICATION

State of GEORGIA:

SS.

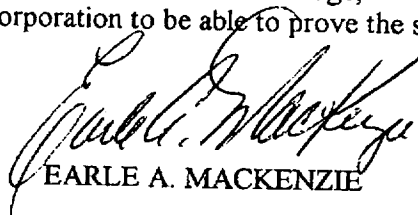
County of FULTON:

EARLE A. MACKENZIE, Affiant, being duly sworn according to law, deposes and says that:

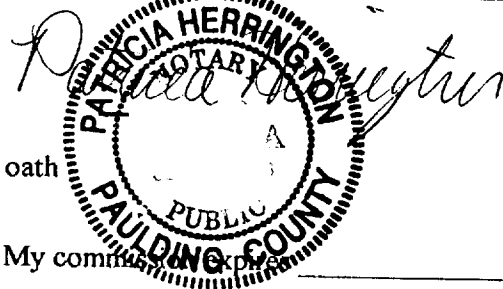
He is the President of CARDINAL COMMUNICATIONS OF TENNESSEE, INC.;

That he is authorized to and does make this affidavit for said corporation;

That the facts above set forth are true and correct to the best of his knowledge, information, and belief and that he expects said corporation to be able to prove the same at any hearing hereof.


EARLE A. MACKENZIE

Sworn and subscribed before me this 25th day of October, 1999


oath
My commission expires _____

Signature of official administering

Attachment G
Applicant's Corporate Structure

